

110TH CONGRESS  
1ST SESSION

**S.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to provide incentives for  
plug-in electric drive motor vehicles.

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IN THE SENATE OF THE UNITED STATES

Mr. HATCH (for himself, Ms. CANTWELL, Mr. OBAMA, Mr. KERRY, Ms.  
STABENOW, and Mr. SALAZAR) introduced the following bill; which was  
read twice and referred to the Committee on \_\_\_\_\_

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**A BILL**

To amend the Internal Revenue Code of 1986 to provide  
incentives for plug-in electric drive motor vehicles.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Fuel Reduction using  
5       Electrons to End Dependence On the Mid-East (FREE-  
6       DOM) Act of 2007”.

7       **SEC. 2. CREDIT FOR PLUG-IN ELECTRIC DRIVE MOTOR VE-**  
8       **HICLES.**

9       (a) PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE  
10      CREDIT.—

1           (1) IN GENERAL.—Subpart B of part IV of  
2           subchapter A of chapter 1 of the Internal Revenue  
3           Code of 1986 (relating to other credits) is amended  
4           by adding at the end the following new section:

5   **“SEC. 30D. PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE**  
6                   **CREDIT.**

7           “(a) ALLOWANCE OF CREDIT.—

8                   “(1) IN GENERAL.—There shall be allowed as a  
9           credit against the tax imposed by this chapter for  
10          the taxable year an amount equal to the applicable  
11          amount with respect to each new qualified plug-in  
12          electric drive motor vehicle placed in service by the  
13          taxpayer during the taxable year.

14                  “(2) APPLICABLE AMOUNT.—For purposes of  
15          paragraph (1)—

16                          “(A) IN GENERAL.—The applicable  
17          amount is sum of—

18                                  “(i) \$2,000, plus

19                                  “(ii) \$400 for each kilowatt hour of  
20          traction batter capacity in excess of 2.5  
21          kilowatt hours.

22                          “(B) ADDITIONAL CREDIT FOR FLEXIBLE  
23          FUEL VEHICLES.—In the case of a new quali-  
24          fied plug-in electric drive motor vehicle which is

1           a Flexible fuel motor vehicle, the applicable  
2           amount shall be increased by \$150.

3           “(b) LIMITATIONS.—

4           “(1) LIMITATION BASED ON WEIGHT.—The  
5           amount of the credit allowed under subsection (a) by  
6           reason of subsection (a)(2)(A) shall not exceed—

7                   “(A) \$7,500, in the case of any new quali-  
8                   fied plug-in electric drive motor vehicle with a  
9                   gross vehicle weight rating of not more than  
10                  10,000 pounds,

11                   “(B) \$10,000, in the case of any new  
12                   qualified plug-in electric drive motor vehicle  
13                   with a gross vehicle weight rating of more than  
14                   10,000 pounds but not more than 14,000  
15                   pounds,

16                   “(C) \$15,000, in the case of any new  
17                   qualified plug-in electric drive motor vehicle  
18                   with a gross vehicle weight rating of more than  
19                   14,000 pounds but not more than 26,000  
20                   pounds, and

21                   “(D) \$20,000, in the case of any new  
22                   qualified plug-in electric drive motor vehicle  
23                   with a gross vehicle weight rating of more than  
24                   26,000 pounds.

1           “(2) LIMITATION BASED ON AMOUNT OF  
2           TAX.—The credit allowed under subsection (a) for  
3           any taxable year shall not exceed the excess of—

4                   “(A) the sum of the regular tax liability  
5                   (as defined in section 26(b)) plus the tax im-  
6                   posed by section 55, over

7                   “(B) the sum of the credits allowable  
8                   under subpart A and section 27 for the taxable  
9                   year.

10           “(3) LIMITATION ON NUMBER OF PASSENGER  
11           VEHICLES AND LIGHT TRUCKS ELIGIBLE FOR CRED-  
12           IT.—No credit shall be allowed under subsection (a)  
13           for any new qualified plug-in electric drive motor ve-  
14           hicle which is a passenger vehicle or light truck in  
15           any calendar year following the calendar year which  
16           includes the first date on which the total number of  
17           such new qualified plug-in electric drive motor vehi-  
18           cles sold for use in the United States after Decem-  
19           ber 31, 2007, is at least 250,000.

20           “(c) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE  
21           MOTOR VEHICLE.—For purposes of this section, the term  
22           ‘new qualified plug-in electric drive motor vehicle’ means  
23           a motor vehicle—

1           “(1) which draws propulsion using one or more  
2           traction batteries with an aggregate capacity of not  
3           less than 2.5 kilowatt hours,

4           “(2) which uses an offboard source of electricity  
5           to recharge one or more such batteries,

6           “(3) which has received a certificate of con-  
7           formity under the Clean Air Act for that make and  
8           model year,

9           “(4) the original use of which commences with  
10          the taxpayer,

11          “(5) which is acquired for use or lease by the  
12          taxpayer and not for resale, and

13          “(6) which is made by a manufacturer.

14          “(d) OTHER DEFINITIONS AND SPECIAL RULES.—  
15          For purposes of this section—

16                 “(1) MOTOR VEHICLE.—The term ‘motor vehi-  
17                 cle’ has the meaning given such term by section  
18                 30(c)(2).

19                 “(2) OTHER TERMS.—The terms ‘passenger  
20                 automobile’, ‘light truck’, and ‘manufacturer’ have  
21                 the meanings given such terms in regulations pre-  
22                 scribed by the Administrator of the Environmental  
23                 Protection Agency for purposes of the administra-  
24                 tion of title II of the Clean Air Act (42 U.S.C. 7521  
25                 et seq.).

1           “(3) TRACTION BATTERY CAPACITY.—Traction  
2           battery capacity shall be measured in kilowatt hours  
3           from a 100 percent state of charge to a zero percent  
4           state of charge.

5           “(4) FLEXIBLE FUEL MOTOR VEHICLE.—

6                   “(A) IN GENERAL.—The term ‘flexible fuel  
7           motor vehicle’ means—

8                           “(i) a GEM flex fuel vehicle, or

9                           “(ii) a motor vehicle which is war-  
10                   ranted by its manufacturer to operate on  
11                   biodiesel.

12                   “(B) GEM FLEX FUEL VEHICLE.—The  
13                   term ‘GEM flex fuel vehicle’ means a motor ve-  
14                   hicle warranted by its manufacturer as capable  
15                   of operating on each of the following fuels:

16                           “(i) Gasoline.

17                           “(ii) A blend containing 85 percent  
18                   ethanol and 15 percent gasoline by volume.

19                           “(iii) A blend containing 85 percent  
20                   methanol and 15 percent gasoline by vol-  
21                   ume.

22           “(5) REDUCTION IN BASIS.—For purposes of  
23           this subtitle, the basis of any property for which a  
24           credit is allowable under subsection (a) shall be re-  
25           duced by the amount of such credit so allowed.

1           “(6) NO DOUBLE BENEFIT.—The amount of  
2           any deduction or other credit allowable under this  
3           chapter for a new qualified plug-in electric drive  
4           motor vehicle shall be reduced by the amount of  
5           credit allowed under subsection (a) for such vehicle  
6           for the taxable year.

7           “(7) PROPERTY USED BY TAX-EXEMPT ENTI-  
8           TY.—In the case of a vehicle the use of which is de-  
9           scribed in paragraph (3) or (4) of section 50(b) and  
10          which is not subject to a lease, the person who sold  
11          such vehicle to the person or entity using such vehi-  
12          cle shall be treated as the taxpayer that placed such  
13          vehicle in service, but only if such person clearly dis-  
14          closes to such person or entity in a document the  
15          amount of any credit allowable under subsection (a)  
16          with respect to such vehicle (determined without re-  
17          gard to subsection (b)(2)).

18          “(8) PROPERTY USED OUTSIDE UNITED  
19          STATES, ETC., NOT QUALIFIED.—No credit shall be  
20          allowable under subsection (a) with respect to any  
21          property referred to in section 50(b)(1) or with re-  
22          spect to the portion of the cost of any property  
23          taken into account under section 179.

24          “(9) RECAPTURE.—The Secretary shall, by reg-  
25          ulations, provide for recapturing the benefit of any

1 credit allowable under subsection (a) with respect to  
2 any property which ceases to be property eligible for  
3 such credit (including recapture in the case of a  
4 lease period of less than the economic life of a vehi-  
5 cle).

6 “(10) ELECTION TO NOT TAKE CREDIT.—No  
7 credit shall be allowed under subsection (a) for any  
8 vehicle if the taxpayer elects not to have this section  
9 apply to such vehicle.

10 “(11) INTERACTION WITH AIR QUALITY AND  
11 MOTOR VEHICLE SAFETY STANDARDS.—Unless oth-  
12 erwise provided in this section, a motor vehicle shall  
13 not be considered eligible for a credit under this sec-  
14 tion unless such vehicle is in compliance with—

15 “(A) the applicable provisions of the Clean  
16 Air Act for the applicable make and model year  
17 of the vehicle (or applicable air quality provi-  
18 sions of State law in the case of a State which  
19 has adopted such provision under a waiver  
20 under section 209(b) of the Clean Air Act), and

21 “(B) the motor vehicle safety provisions of  
22 sections 30101 through 30169 of title 49,  
23 United States Code.

24 “(e) REGULATIONS.—

1           “(1) IN GENERAL.—Except as provided in para-  
2           graph (2), the Secretary shall promulgate such regu-  
3           lations as necessary to carry out the provisions of  
4           this section.

5           “(2) COORDINATION IN PRESCRIPTION OF CER-  
6           TAIN REGULATIONS.—The Secretary of the Treas-  
7           ury, in coordination with the Secretary of Transpor-  
8           tation and the Administrator of the Environmental  
9           Protection Agency, shall prescribe such regulations  
10          as necessary to determine whether a motor vehicle  
11          meets the requirements to be eligible for a credit  
12          under this section.

13          “(f) TERMINATION.—This section shall not apply to  
14          property purchased after December 31, 2014.”.

15          (2) COORDINATION WITH OTHER MOTOR VEHI-  
16          CLE CREDITS.—

17                 (A) ELECTRIC DRIVE MOTOR VEHICLES.—  
18                 Paragraph (1) of section 30(c) of the Internal  
19                 Revenue Code of 1986 is amended by adding at  
20                 the end the following new flush sentence:

21                 “Such term shall not include any motor vehicle  
22                 which is a new qualified plug-in electric drive motor  
23                 vehicle (as defined by section 30D(c)).”.

24                 (B) NEW QUALIFIED FUEL CELL MOTOR  
25                 VEHICLES.—Paragraph (3) of section 30B(b) of

1           such Code is amended by adding at the end the  
2           following new flush sentence:

3           “Such term shall not include any motor vehicle  
4           which is a new qualified plug-in electric drive motor  
5           vehicle (as defined by section 30D(c)).”.

6                   (C) NEW QUALIFIED HYBRID MOTOR VEHI-  
7           CLES.—Paragraph (3) of section 30B(d) of  
8           such Code is amended by adding at the end the  
9           following new flush sentence:

10          “Such term shall not include any motor vehicle  
11          which is a new qualified plug-in electric drive motor  
12          vehicle (as defined by section 30D(c)).”.

13                   (3) CONFORMING AMENDMENTS.—

14                   (A) Section 1016(a) of the Internal Rev-  
15           enue Code of 1986 is amended by striking  
16           “and” at the end of paragraph (36), by striking  
17           the period at the end of paragraph (37) and in-  
18           serting “, and”, and by adding at the end the  
19           following new paragraph:

20          “(38) to the extent provided in section  
21          30D(d)(5).”.

22                   (B) Section 6501(m) of such Code is  
23           amended by inserting “30D(d)(10)” after  
24           “30C(e)(5)”.

1 (C) The table of sections for subpart B of  
2 part IV of such Code is amended by adding at  
3 the end the following new item:

“Sec. 30D. Plug-in electric drive motor vehicle credit.”.

4 (b) CONVERSION KITS.—

5 (1) IN GENERAL.—Section 30B of the Internal  
6 Revenue Code of 1986 (relating to alternative motor  
7 vehicle credit) is amended by redesignating sub-  
8 sections (i) and (j) as subsections (j) and (k), re-  
9 spectively, and by inserting after subsection (h) the  
10 following new subsection:

11 “(i) PLUG-IN CONVERSION CREDIT.—

12 “(1) IN GENERAL.—For purposes of subsection  
13 (a), the plug-in conversion credit determined under  
14 this subsection with respect to any motor vehicle  
15 which is converted to a qualified plug-in electric  
16 drive motor vehicle is the lesser of—

17 “(A) an amount equal to—

18 “(i) \$2,000, plus

19 “(ii) \$400 for each kilowatt hour of  
20 capacity of the plug-in traction battery  
21 module installed in such vehicle in excess  
22 of 2.5 kilowatt hours, or

23 “(B) 50 percent of the cost of the plug-in  
24 traction battery module installed in such vehicle  
25 as part of such conversion.

“(2) LIMITATIONS.—The amount of the credit allowed under this subsection shall not exceed \$4,000 with respect to the conversion of any motor vehicle.

5 “(3) DEFINITIONS AND SPECIAL RULES.—For  
6 purposes of this subsection—

7 “(A) QUALIFIED PLUG-IN ELECTRIC DRIVE  
8 MOTOR VEHICLE.—The term ‘qualified plug-in  
9 electric drive motor vehicle’ means any new  
10 qualified plug-in electric drive motor vehicle (as  
11 defined in section 30D(c), determined without  
12 regard to paragraphs (4) and (6) thereof).

“(B) PLUG-IN TRACTION BATTERY MODULE.—The term ‘plug-in traction battery module’ means an electro-chemical energy storage device which—

17 “(i) has a traction battery capacity of  
18 not less than 2.5 kilowatt hours,

19 “(ii) is equipped with an electrical  
20 plug by means of which it can be energized  
21 and recharged when plugged into an exter-  
22 nal source of electric power,

“(iii) consists of a standardized con-  
figuration and is mass produced,

1 “(iv) has been tested and approved by  
2 the National Highway Transportation  
3 Safety Administration as compliant with  
4 applicable motor vehicle and motor vehicle  
5 equipment safety standards when installed  
6 by a mechanic with standardized training  
7 in protocols established by the battery  
8 manufacturer as part of a nationwide dis-  
9 tribution program, and

10 “(v) is certified by a battery manufac-  
11 turer as meeting the requirements of  
12 clauses (i) through (iv).

13 “(C) CREDIT ALLOWED TO LESSOR OF  
14 BATTERY MODULE.—In the case of a plug-in  
15 traction battery module which is leased to the  
16 taxpayer, the credit allowed under this sub-  
17 section shall be allowed to the lessor of the  
18 plug-in traction battery module.

19 “(D) CREDIT ALLOWED IN ADDITION TO  
20 OTHER CREDITS.—The credit allowed under  
21 this subsection shall be allowed with respect to  
22 a motor vehicle notwithstanding whether a cred-  
23 it has been allowed with respect to such motor  
24 vehicle under this section (other than this sub-  
25 section) in any preceding taxable year.

1           “(4) TERMINATION.—This subsection shall not  
2       apply to conversions made after December 31,  
3       2010.”.

4           (2) CREDIT TREATED AS PART OF ALTER-  
5       NATIVE MOTOR VEHICLE CREDIT.—Section 30B(a)  
6       of such Code is amended by striking “and” at the  
7       end of paragraph (3), by striking the period at the  
8       end of paragraph (4) and inserting “, and”, and by  
9       adding at the end the following new paragraph:

10           “(5) the plug-in conversion credit determined  
11       under subsection (i).”.

12           (3) NO RECAPTURE FOR VEHICLES CONVERTED  
13       TO QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VE-  
14       HICLES.—Paragraph (8) of section 30B(h) of such  
15       Code is amended by adding at the end the following:  
16       “, except that no benefit shall be recaptured if such  
17       property ceases to eligible for such credit by reason  
18       of conversion to a qualified plug-in electric drive  
19       motor vehicle.”

20           (c) EFFECTIVE DATE.—The amendments made by  
21       this section shall apply to property placed in service after  
22       December 31, 2007, in taxable years beginning after such  
23       date.

1 **SEC. 3. INCENTIVES FOR MANUFACTURING FACILITIES**  
2 **PRODUCING PLUG-IN ELECTRIC DRIVE**  
3 **MOTOR VEHICLE AND COMPONENTS.**

4 (a) DEDUCTION FOR MANUFACTURING FACILI-  
5 TIES.—Part VI of subchapter B of chapter 1 of the Inter-  
6 nal Revenue Code of 1986 (relating to itemized deductions  
7 for individuals and corporations) is amended by inserting  
8 after section 179E the following new section:

9 **“SEC. 179F. EXPENSING FOR MANUFACTURING FACILITIES**  
10 **PRODUCING PLUG-IN ELECTRIC DRIVE**  
11 **MOTOR VEHICLE AND COMPONENTS.**

12 “(a) TREATMENT AS EXPENSES.—A taxpayer may  
13 elect to treat the applicable percentage of the cost of any  
14 qualified plug-in electric drive motor vehicle manufac-  
15 turing facility property as an expense which is not charge-  
16 able to a capital account. Any cost so treated shall be al-  
17 lowed as a deduction for the taxable year in which the  
18 qualified manufacturing facility property is placed in serv-  
19 ice.

20 “(b) APPLICABLE PERCENTAGE.—For purposes of  
21 subsection (a), the applicable percentage is—

22 “(1) 100 percent, in the case of qualified plug-  
23 in electric drive motor vehicle manufacturing facility  
24 property which is placed in service before January 1,  
25 2013, and

“(2) 50 percent, in the case of qualified plug-in electric drive motor vehicle manufacturing facility property which is placed in service after December 31, 2012, and before January 1, 2015.

1                   “(C) no written binding contract for the  
2                   construction of which was in effect on or before  
3                   the date of the enactment of this section.

4                   “(2) QUALIFIED PROPERTY.—

5                   “(A) IN GENERAL.—The term ‘qualified  
6                   property’ means any property which is a facility  
7                   or a portion of a facility used for the production  
8                   of—

9                   “(i) any new qualified plug-in electric  
10                  drive motor vehicle (as defined by section  
11                  30D(c)), or

12                  “(ii) any eligible component.

13                  “(B) ELIGIBLE COMPONENT.—The term  
14                  ‘eligible component’ means any battery, any  
15                  electric motor or generator, or any power con-  
16                  trol unit which is designed specifically for use  
17                  in a new qualified plug-in electric drive motor  
18                  vehicle (as so defined).

19                  “(e) SPECIAL RULE FOR DUAL USE PROPERTY.—In  
20                  the case of any qualified plug-in electric drive motor vehi-  
21                  cle manufacturing facility property which is used to  
22                  produce both qualified property and other property which  
23                  is not qualified property, the amount of costs taken into  
24                  account under subsection (a) shall be reduced by an  
25                  amount equal to—

1           “(1) the total amount of such costs (determined  
2       before the application of this subsection), multiplied  
3       by

4           “(2) the percentage of property expected to be  
5       produced which is not qualified property.”.

6       (b) REFUND OF CREDIT FOR PRIOR YEAR MINIMUM  
7       TAX LIABILITY.—Section 53 of the Internal Revenue  
8       Code of 1986 (relating to credit for prior year minimum  
9       tax liability) is amended by adding at the end the following  
10      new subsection:

11       “(f) ELECTION TO TREAT AMOUNTS ATTRIBUTABLE  
12      TO QUALIFIED MANUFACTURING FACILITY.—

13           “(1) IN GENERAL.—In the case of an eligible  
14      taxpayer, the amount determined under subsection  
15      (c) for the taxable year (after the application of sub-  
16      section (e)) shall be increased by an amount equal  
17      to the applicable percentage of any qualified plug-in  
18      electric drive motor vehicle manufacturing facility  
19      property which is placed in service during the tax-  
20      able year.

21           “(2) APPLICABLE PERCENTAGE.—For purposes  
22      of paragraph (1), the applicable percentage is—

23           “(A) 35 percent, in the case of qualified  
24      plug-in electric drive motor vehicle manufac-

1           turing facility property which is placed in serv-  
2           ice before January 1, 2013, and

3           “(B) 17.5 percent, in the case of qualified  
4           plug-in electric drive motor vehicle manufac-  
5           turing facility property which is placed in serv-  
6           ice after December 31, 2012, and before Janu-  
7           ary 1, 2015.

8           “(3) ELIGIBLE TAXPAYER.—For purposes of  
9           this subsection, the term ‘eligible taxpayer’ means  
10          any taxpayer—

11           “(A) who places in service qualified plug-  
12           in electric drive motor vehicle manufacturing fa-  
13           cility property during the taxable year,

14           “(B) who does not make an election under  
15           section 179F(c), and

16           “(C) who makes an election under this  
17           subsection.

18           “(4) OTHER DEFINITIONS AND SPECIAL  
19          RULES.—

20           “(A) QUALIFIED PLUG-IN ELECTRIC DRIVE  
21           MOTOR VEHICLE MANUFACTURING FACILITY  
22           PROPERTY.—The term ‘qualified plug-in electric  
23           drive motor vehicle manufacturing facility prop-  
24           erty’ has the meaning given such term under  
25           section 179F(d).

1           “(B) SPECIAL RULE FOR DUAL USE PROP-  
2           PERTY.—In the case of any qualified plug-in  
3           electric drive motor vehicle manufacturing facil-  
4           ity property which is used to produce both  
5           qualified property (as defined in section  
6           179F(d)) and other property which is not quali-  
7           fied property, the amount of costs taken into  
8           account under paragraph (1) shall be reduced by  
9           an amount equal to—

10                 “(i) the total amount of such costs  
11                 (determined before the application of this  
12                 subparagraph), multiplied by

13                 “(ii) the percentage of property ex-  
14                 pected to be produced which is not quali-  
15                 fied property.

16           “(C) ELECTION.—

17                 “(i) IN GENERAL.—An election under  
18                 this subsection for any taxable year shall  
19                 be made on the taxpayer’s return of the  
20                 tax imposed by this chapter for the taxable  
21                 year. Such election shall be made in such  
22                 manner as the Secretary may by regula-  
23                 tions prescribe.

24                 “(ii) ELECTION IRREVOCABLE.—Any  
25                 election made under this subsection may

1 not be revoked except with the consent of  
2 the Secretary.

3 “(5) CREDIT REFUNDABLE.—For purposes of  
4 this title (other than this section), the credit allowed  
5 by reason of this subsection shall be treated as if it  
6 were allowed under subpart C.”.

7 (c) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to taxable years beginning after  
9 the date of the enactment of this Act.

10 **SEC. 4. CREDIT FOR UTILITY REBATES FOR CUSTOMERS**

11 **PURCHASING PLUG-IN ELECTRIC DRIVE**  
12 **MOTOR VEHICLES.**

13 (a) IN GENERAL.—Subpart D of part IV of sub-  
14 chapter A of chapter 1 of the Internal Revenue Code of  
15 1986 (relating to business related credits) is amended by  
16 adding at the end the following new section:

17 **“SEC. 45O. UTILITY REBATE CREDIT.**

18 “(a) IN GENERAL.—For purposes of section 38, in  
19 the case of an eligible taxpayer, the utility rebate credit  
20 for any taxable year is an amount equal to 50 percent  
21 of the sum of the qualified rebates paid or accrued by the  
22 eligible taxpayer during the taxable year.

23 “(b) LIMITATION.—

24 “(1) IN GENERAL.—The amount of the credit  
25 allowed under subsection (a) with respect to any

1 qualified rebate paid or accrued in any taxable year  
2 shall not exceed—

3 “(A) \$1,000, in the case of an eligible tax-  
4 payer ranked in the first quartile in the green-  
5 house gas emissions rankings published by the  
6 Secretary under paragraph (2),

7 “(B) \$800, in the case of an eligible tax-  
8 payer ranked in the second quartile of such  
9 rankings,

10 “(C) \$600, in the case of an eligible tax-  
11 payer ranked in the third quartile of such  
12 rankings, and

13 “(D) \$400, in the case of an eligible tax-  
14 payer ranked in the fourth quartile of such  
15 rankings.

16 “(2) RANKING OF GREENHOUSE GAS EMIS-  
17 SIONS.—

18 “(A) IN GENERAL.—The Secretary, in con-  
19 sultation with the Administrator of the Envi-  
20 ronmental Protection Agency, shall publish, on  
21 an annual basis, a ranking of electric utilities  
22 based on the rate of greenhouse gasses emitted  
23 by each such utility. Such publication shall list  
24 the ranking of each utility by quartile, with the

1 utilities emitting the lowest rate of greenhouse  
2 gasses in the first quartile.

3 “(B) GREENHOUSE GAS.—For purposes of  
4 subparagraph (A), the term ‘greenhouse gas’  
5 means—

6 “(i) carbon dioxide;

7 “(ii) methane;

8 “(iii) nitrous oxide;

9 “(iv) hydrofluorocarbons;

10 “(v) perfluorocarbons; and

11 “(vi) sulfur hexafluoride.

12 “(3) DETERMINATION OF RANKING.—The rank-  
13 ing of an eligible taxpayer in the greenhouse gas  
14 emissions rankings published by the Secretary under  
15 paragraph (2) for any taxable year shall be deter-  
16 mined by using the most recent such rank of such  
17 eligible taxpayer at the end of such taxable year.

18 “(c) ELIGIBLE TAXPAYER.—For purposes of this sec-  
19 tion, the term ‘eligible taxpayer’ means a electric utility  
20 which is included on the list of rankings for emissions of  
21 greenhouse gases published by the Secretary under sub-  
22 section (b)(2).

23 “(d) QUALIFIED REBATE.—For purposes of this sec-  
24 tion, the term ‘qualified rebate’ means a rebate with re-  
25 spect to amounts owed by a customer of an eligible tax-

1 payer for the cost of electricity or any service connected  
2 with supply of electricity if such rebate is paid or accrued  
3 on account of—

4 “(1) the purchase by the customer of a new  
5 qualified plug-in electric drive motor vehicle (as de-  
6 fined by section 30D(c)) or a qualified plug-in elec-  
7 tric drive motor vehicle (as defined by section  
8 30B(i)(3)), or

9 “(2) the conversion by the customer of a motor  
10 vehicle to a qualified plug-in electric drive motor ve-  
11 hicle (as so defined).

12 “(e) SPECIAL RULE FOR CERTAIN TAX-EXEMPT  
13 UTILITIES.—

14 “(1) IN GENERAL.—In the case of an eligible  
15 taxpayer which is exempt from tax under this chap-  
16 ter, the aggregate credits allowed to the eligible tax-  
17 payer under subpart C shall be increased by the less-  
18 er of—

19 “(A) the credit which would be allowed  
20 under this section without regard to this sub-  
21 section, or

22 “(B) the amount of the payroll taxes im-  
23 posed on the eligible taxpayer during the cal-  
24 endar year in which the taxable year begins.

1           “(2) PAYROLL TAXES.—For purposes of this  
2       subsection—

3           “(A) IN GENERAL.—The term ‘payroll  
4       taxes’ means the taxes imposed by—

5           “(i) section 3111, and

6           “(ii) sections 3211(a) and 3221(a)  
7       (determined at a rate equal to the rates  
8       under section 3111).

9           “(B) SPECIAL RULE.—A rule similar to  
10       the rule of section 24(d)(2)(C) shall apply for  
11       purposes of subparagraph (A).”.

12       (b) CREDIT TREATED AS PART OF GENERAL BUSI-  
13       NESS CREDIT.—Section 38(b) of the Internal Revenue  
14       Code of 1986 is amended by striking “plus” at the end  
15       of paragraph (30), by striking the period at the end of  
16       paragraph (31) and inserting “, plus”, and by adding at  
17       the end the following new paragraph:

18           “(32) the utility rebate credit determined under  
19       section 45O(a).”.

20       (c) NO DOUBLE BENEFIT.—Section 280C of the In-  
21       ternal Revenue Code of 1986 is amended by adding at the  
22       end the following new subsection:

23           “(f) UTILITY REBATE CREDIT.—No deduction shall  
24       be allowed for that portion of any amount otherwise allow-  
25       able as a deduction for the taxable year which is equal

1 to the amount of the credit determined for the taxable  
2 year under section 45O(a).”.

3 (d) CLERICAL AMENDMENT.—The table of sections  
4 for subpart D of part IV of subchapter A of chapter 1  
5 of the Internal Revenue Code of 1986 is amended by add-  
6 ing at the end the following new item:

“Sec. 45O. Utility rebate credit.”.

7 (e) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to rebates paid or accrued in tax-  
9 able years beginning after the date of the enactment of  
10 this Act.